

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: GERMAINE PANG and
KRUPP d/b/a GERMAINE PANG

)
) File No. C0900468
)
)

ORDER OF PROHIBITION

TO THE RESPONDENTS: GERMAINE PANG (CRD# 1357303)
3226 Geyer Avenue
St. Louis, Missouri 63104

KRUPP d/b/a Germaine Pang
3226 Geyer Avenue
St. Louis, Missouri 63104

WHEREAS, a Temporary Order of Prohibition was previously issued by the Secretary of State which prohibited **Germaine Pang and KRUPP d/b/a Germaine Pang** (the "Respondents") from offering or selling securities in or from the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

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1. KRUPP d/b/a Germaine M. Pang (“Respondent KRUPP” or collectively with Respondent Germaine Pang, “Respondents”) was registered as a fictitious name in the State of Missouri. Its last known address is 3226 Geyer Avenue, St. Louis, Missouri 63104.
2. Germaine Pang (“Respondent Pang” or collectively with Respondent KRUPP, “Respondents”) was an individual whose last known address was 3226 Geyer Avenue, St. Louis, Missouri 63104.
3. That from September 29, 1987 until January 15, 1989, Respondent Pang was registered in Illinois as a salesperson. That from September 4, 1991 until February 21, 1997, Respondent Pang was registered in Illinois as a salesperson. That from January 28, 1998 until December 31, 2000, Respondent Pang was registered in Illinois as a salesperson. That from December 19, 2002 until December 31, 2003, Respondent Pang was registered in Illinois as a salesperson.

BACKGROUND FACTS COMMON TO ALL COUNTS

4. That Investor JA is a resident of the State of Illinois.
5. That between January 2000 and February 2005, Respondents issued investment contracts that promised investors 10-12 percent rates of return and between 5-12 percent renewal rates of return.
6. That between January 2000 and February 2005, Respondent Pang offered and sold seven (7) investment contracts to Investor JA in a non-existent “Krupp Fund”.
7. That between January 2000 and February 2005, Investor JA gave to Respondent Pang a total of approximately \$27,000.00, in exchange for the seven (7) investment contracts.
8. That between December 2000 and August 2009, Respondent Pang manufactured and issued to Investor JA what purported to be “money management annual confirmation reports.”
9. That in or around December 2008, Respondent Pang issued to Investor JA a “Money Management Annual confirmation Report” showing a Investor JA’s total initial investment of \$27,000.00, total gain of \$19,649.00 and total value of \$46,649.00 as of December 31, 2008.
10. That on or about August 31, 2009, Respondent Pang issued to Investor JA, a “Money Management Account Settlement Report” dated August 31, 2009. This “report” indicated an initial investment of \$6,000.00, total gain of \$6,760.00, total value of \$12,760.00 and settlement amount paid out of \$12,760.00 and “check

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enclosed #0742693". However, Investor JA states that letter was sent without a check enclosed.

11. To date, despite demands of Investor JA, Respondents have failed to pay investor, pursuant to the terms of the contract.
12. To date, despite demands, Investor has not received any monies back from his investment, pursuant to the terms of the contract.
13. That the activities set forth in paragraphs above constitute the offer and sale of investment contracts, and therefore a security, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

COUNT I

815 ILCS 5/12.A and D violations: Respondents sold unregistered securities.

- 1-13. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 14 above, as paragraphs 1 through 13 of this Count I.
14. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act."
15. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
16. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
17. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.

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18. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

COUNT II

815 ILCS 5/12.F violation: Respondents engaged in practices in connection with the sale of securities that worked a fraud or deceit on the purchaser thereof.

- 1-13. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 14 of Count I, as paragraphs 1 through 13 of this Count II.
14. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “engage in any transaction, practice, or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.”
15. The facts alleged in paragraphs 1 through 13 above allege facts that show conduct by the Respondents that violate Section 12.F of the Act. In particular: Respondent solicited investor to invest in a non-existent fund and thereby not investing Complainants’ funds for the benefit of Complainants and instead, Respondents converted Complainants’ money for Respondents’ own personal use and benefit.

COUNT III

815 ILCS 5/12.G Respondents obtained Complainants’ money by making untrue statement of material fact and omission to state a material fact.

- 1-13. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 13 of Count I, as paragraphs 1 through 13 of this Count III.
14. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.”

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15. The facts alleged in paragraphs 1 through 13 above allege facts that show conduct by the Respondents that violate Section 12.G of the Act. In particular: Respondents falsely represented that the Complainants' funds would be invested into the "Krupp Fund", sent statements to investor falsely stating that there were total gains on the investments. Instead, Respondents converted Complainants' money for Respondents' own personal use and benefit.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents are **PROHIBITED** from offering or selling securities in or from this State until the further Order of the Secretary of State.

Dated: This 19th day of May 2011.



JESSE WHITE
Secretary of State
State of Illinois

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NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.

This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.